Tricia Nixon Tax Muddle Outlined

By Jack Anderson

President Nixon allegedly discussed concealing his daughter Tricia's interest in two Key Biscayne, Fla., lots in order to reduce her income taxes. But a White House spokesman insisted that the President never even considered the dubious scheme.

The charge that he juggled his taxes by hiding Tricia's share in the property was first reported by Newsweek magazine and denied by the White House earlier this month.

We have now learned the details, which were outlined behind closed doors by the former aide who helped the President with his tax deductions.

Roy (Pete) Kinsey, who worked under former White House counsel John Dean, told the Senate Watergate committee that the Tricia Nixon angle was raised by John Ehrlichman, the former aide who watched over the Nixon family affairs.

"Early in December, 1972," reported Kinsey, "the decision was made that the President would sell two vacant lots in Key Biscayne." This was the last year that the President could take advantage of a $574,000 tax deduction for donating his vice presidential papers to the government.

"They wanted to use the available deduction to offset the capital gains on the Key Biscayne property," suggested Kinsey. "There was a memo from Ehrlichman to Dean, saying that the President wanted to know the tax consequences if he were to assume the full gain.

"This was because Tricia had apparently contributed $20,000 to the purchase of the property, and the President had put in $17,000. The property was originally bought in 1969, but Tricia was not an owner of record—although we had a hard time determining just what happened with the purchase of that property.

"There were two parcels of land. They were sold to (a man in) Yonkers, N.Y., who was apparently a straw man for Robert Abplanalp." The wealthy Abplanalp has been deeply involved in the President's real estate transactions.

Kinsey reported that he never could get the Key Biscayne deal straight because "there were two contracts of sale, one indicating a sale for $134,000, the other a sale for $150,000."

He relied for his information upon the President's tax lawyer, Frank DeMarco. "My first response to the President's request for advice," said Kinsey, "was in generalities, so another memo came back asking for an answer in dollars and cents.

"DeMarco and I talked about this transaction at length. He was in about the same position as I was—getting figures from other people and not knowing the full story.

"DeMarco said Tricia's not an owner of record so the President'll take the gain and I'll find a way to get her share back to her. He didn't say how he was going to do this."

We read Kinsey's statement to DeMarco, who claimed to have recollected the conversation. He refused to comment on the President's taxes, except to repeat the White House denial that Tricia's holdings were concealed. Our own White House sources say Tricia paid the taxes on her share of the profits.

Under questioning by Sen. Lowell Weiker (R-Conn.), Kinsey said he had discussed the Key Biscayne property with the General Services Administration's chief counsel, William Casselman.

"We had some conversations about the Key Biscayne compound . . .," recalled Kinsey. "Bill was worried that it would come out—that it would leak—how Abplanalp was involved in the Key Biscayne compound. Apparently, he obtained one of the houses there in some sort of a deal."

Kinsey also told the committee about a conversation with Watergate conspirator G. Gordon Liddy. The question had come up of campaign contributions in the form of stock certificates.

"We heard they were putting out a guide paper saying no capital gains need be declared on donated stock," said Kinsey. "IRS was not clear, so I called Liddy and put a negative rhetorical question to him: sort of, 'You're not really saying that, are you?'

"He replied: 'Oh, yeah! We just send the certificates to a guy in the Midwest. He sells them and sends me the cash, and I put in the safe.'

"I said, 'They may be hot (stolen).'

"Liddy said: 'Oh, yeah, I assume some of them were.'

"At that point I said to myself, this guy's nuts and hung up."